

Congressional Budget Justification
FOREIGN OPERATIONS



Fiscal Year 2003

INTRODUCTION

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NOTE ON CONGRESSIONAL BUDGET JUSTIFICATION

This Congressional Budget Justification presents and justifies the President's FY 2003 request for Foreign Operations.

The introductory section of the document provides budget tables that summarize and detail the overall Foreign Operations request. It also includes the International Affairs Mission Statement identifying U.S. national interests and strategic goals.

The following two sections of the document provide full narrative justifications of the request – by appropriation account and by region. In addition to account overviews, the first section includes account tables and other tables as appropriate. The second section includes not only individual country pages, but also regional program pages.

The third section of the document provides extensive supporting information. This information includes, as a final item, country/account summaries. Often referred to as “all funds” or “spigots” tables, these summaries offer a quick overview of the request. For ready reference, these include bilateral numbers for P.L. 480 Title II food assistance, which is appropriated in the Agriculture bill and administered by the U.S. Agency for International Development.

The FY 2003 Congressional Budget Justification for Foreign Operations is also available electronically on the website of the Department of State (www.state.gov).

INTERNATIONAL AFFAIRS MISSION STATEMENT

The purpose of U.S. international leadership is to create a more secure, prosperous, and democratic world for the benefit of the American people. In an increasingly interdependent and rapidly changing world, international events affect every American. Successful U.S. leadership is essential for security at home, better jobs and a higher standard of living, a healthier environment, and safe travel and conduct of business abroad.

Under the direction of the President and the Secretary of State, the United States conducts relations with foreign governments, international organizations, and others to pursue U.S. national interests and promote American values. The international affairs goals of the United States are:

- National Security – Protect vital interests, secure peace, deter aggression, prevent and defuse crises, halt the proliferation of weapons of mass destruction, and advance arms control and disarmament.
- Economic Prosperity – Expand exports, open markets, maintain global growth and stability, and promote economic development.
- American Citizens and U.S. Borders – Protect American citizens abroad, manage the entry of visitors and immigrants, and safeguard the borders of the United States.
- Law Enforcement – Combat international terrorism, crime, and narcotics trafficking.
- Democracy and Human Rights – Support the establishment and consolidation of democracies and uphold human rights.
- Humanitarian Response – Provide humanitarian assistance to victims of crisis and disaster.
- Environment, Population, and Health – Improve the global environment, achieve a sustainable world population, and protect human health.

To advance the interests of the nation and the American people, the U.S. Government requires a strong international presence; highly qualified, motivated, and diverse people serving at home and abroad; extensive communication with publics, both foreign and domestic; and the political, military, and economic means to carry out the nation's foreign policies.

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FY 2003 Foreign Operations Request- Summary
(\$ in millions)

Budget Authority	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
FOREIGN OPERATIONS	14,982	15,353	16,137
Export-Import Bank (net)	906	767	601
Overseas Private Investment Corporation (net)	-206	-250	-227
Trade and Development Agency	50	50	45
Child Survival & Health Programs Fund	1,051	1,434	-
Global Fund to Fight AIDS, Tuberculosis, & Malaria	[100]	[100]	[100]
Development Assistance	1,274	1,178	2,740
International Disaster Assistance	299	236	236
Transition Initiatives	50	50	55
Development Credit Program	7	8	8
USAID Operating Expenses (OE)	543	561	586
USAID Capital Investment Fund	-	-	95
USAID Inspector General	28	33	34
Economic Support Fund (ESF)	2,315	2,224	2,290
Assistance for Eastern Europe and the Baltic States (SEED)	674	621	495
Assistance for the Independent States (FSA)	808	784	755
Peace Corps	267	278	320
Inter-American Foundation	12	13	14
African Development Foundation	16	17	17
International Narcotics Control and Law Enforcement (INCLE)	325	198	198
Andean Counterdrug Initiative	-	645	731
Migration and Refugee Assistance (MRA)	699	706	706
Emergency Refugee & Migration Assistance (ERMA)	15	15	15
Nonproliferation, Anti-terrorism, Demining, & Related Programs (NADR)	311	314	372
Treasury Technical Assistance	6	7	10
Debt Restructuring	447	229	-
International Military Education & Training (IMET)	58	70	80
Foreign Military Financing (FMF)	3,568	3,650	4,107
Peacekeeping Operations (PKO)	127	135	108
International Financial Institutions	1,144	1,175	1,437
International Financial Institutions Arrears	[10]	[-]	[178]
International Organizations & Programs (IO&P)	186	209	310
EMERGENCY RESPONSE FUNDS	5	1,408	-
Foreign Operations w/Emergency Response Funds	14,987	16,761	16,137

FY 2003 Foreign Operations Request - Detail
(\$ in thousands)

Appropriations	FY 2001 Actual ¹	FY 2002 Estimate /1	FY 2003 Request /1
FOREIGN OPERATIONS	14,981,612	15,352,869	16,136,550
Title I - Export and Investment Assistance	750,044	567,336	418,099
<u>Export-Import Bank</u>			
Export-Import Bank - Loan Subsidy	863,097	727,323	541,400
Export-Import Bank - Administrative Expenses	63,801	64,905	72,327
Export-Import Bank - Direct Loans, Negative Subsidies	(21,144)	(25,000)	(13,000)
Subtotal, Export-Import Bank	905,754	767,228	600,727
<u>Overseas Private Investment Corporation</u>			
Administrative Expenses for Credit & Insurance Programs	38,487	39,367	40,676
Net Offsetting Collections	(268,167)	(289,443)	(292,000)
Credit Funding - Direct & Guaranteed Loan Subsidies	23,947	-	24,000
Subtotal, Overseas Private Investment Corporation	(205,733)	(250,076)	(227,324)
Trade and Development Agency	50,023	50,184	44,696
Title II - Bilateral Economic Assistance	9,148,779	9,547,237	9,675,504
<u>U.S. Agency for International Development</u>			
Child Survival & Health Programs Fund	1,050,881	1,433,500	
Global Fund to Fight AIDS, Tuberculosis, & Malaria	[100,000]	[100,000]	[100,000]
Development Assistance (DA) /2	1,274,190	1,178,000	2,739,500
International Disaster Assistance	299,340	235,500	235,500
Transition Initiatives	49,890	50,000	55,000
Micro and Small Enterprise Development - Subsidy	1,497	-	-
Micro and Small Enterprise Development - Admin. Exp.	499	-	-
Development Credit Program Subsidy - By Transfer	[4,989]	[18,500]	-
Development Credit Program Subsidy - Appropriation	1,497	-	-
Development Credit Program Administrative Expenses	3,991	7,500	7,591
USAID Operating Expenses	543,160	560,659	586,087
USAID Capital Investment Fund	-	-	95,000
USAID Inspector General Operating Expenses	28,024	32,806	34,046
<u>Other Bilateral Economic Assistance</u>	3,797,452	3,629,000	3,540,000
Economic Support Fund (ESF) - with Fund for Ireland	2,314,896	2,224,000	2,290,000
Ass't for Eastern Europe and the Baltic States (SEED)	674,338	621,000	495,000
Assistance for the Independent States (FSA)	808,218	784,000	755,000
<u>Independent Agency</u>			
Peace Corps	267,275	278,043	320,228
Inter-American Foundation /2	12,147	13,290	14,185
African Development Foundation /2	16,080	16,680	16,689

FY 2003 Foreign Operations Request - Detail
(\$ in thousands)

Appropriations	FY 2001 Actual¹	FY 2002 Estimate /1	FY 2003 Request /1
<u>State Department</u>			
Int'l Narcotics Control and Law Enforcement (INCLE) /3	324,972	197,703	197,713
Andean Counterdrug Initiative /3	-	645,000	731,000
Migration and Refugee Assistance (MRA)	699,002	705,556	705,565
U.S. Emerg. Refugee and Migration Ass't Fund (ERMA)	14,967	15,000	15,000
Nonproliferation, Anti-terrorism, Demining (NADR)	310,914	313,500	372,400
<u>Department of the Treasury</u>			
Treasury Technical Assistance	5,987	6,500	10,000
Debt Restructuring	447,014	229,000	-
Title III - Military Assistance	3,752,842	3,855,000	4,295,450
International Military Education and Training (IMET)	57,748	70,000	80,000
Foreign Military Financing (FMF)	3,568,373	3,650,000	4,107,200
Peacekeeping Operations (PKO)	126,721	135,000	108,250
Title IV - Multilateral Economic Assistance	1,329,947	1,383,296	1,747,497
<u>International Financial Institutions</u>			
Global Environment Facility	107,762	100,500	177,813
International Development Association	773,295	792,400	874,338
Multilateral Investment Guarantee Agency	9,978	5,000	3,631
Asian Development Fund	71,842	98,017	147,386
African Development Fund	99,780	100,000	118,073
African Development Bank	6,087	5,100	5,104
European Bank for Reconstruction & Development	35,700	35,779	35,805
Inter-American Development Bank Multilateral Investment Fund	9,978	-	29,591
Inter-American Investment Corporation	24,945	18,000	30,352
International Fund for Agricultural Development	4,989	20,000	15,004
International Financial Institutions Arrears	[10,477]	[-]	[177,718]
International Organizations & Programs (IO&P)	185,591	208,500	310,400
EMERGENCY RESPONSE FUND	5,075	1,408,100	-
Export-Import Bank - Administrative Expenses	75	-	-
Peace Corps	2,600	3,900	-
USAID Operating Expenses	2,400	15,000	-
Economic Support Fund (ESF)	-	600,000	-
Int'l Narcotics Control and Law Enforcement (INCLE)	-	73,000	-
Migration and Refugee Assistance (MRA)	-	100,000	-
International Disaster Assistance	-	146,000	-
Treasury Technical Assistance	-	3,000	-

FY 2003 Foreign Operations Request - Detail
(\$ in thousands)

Appropriations	FY 2001 Actual^{/1}	FY 2002 Estimate /1	FY 2003 Request /1
Nonproliferation, Anti-terrorism, Demining (NADR)	-	155,700	-
Foreign Military Financing (FMF)	-	45,000	-
Assistance for the Independent States (FSA)	-	46,500	-
Peacekeeping Operations (PKO)	-	220,000	-

Notes:

/1 - The FY 2003 budget request charges full costs for federal employees' retirement pensions and health care benefits in accounts with administrative expenses. Comparable costs have been added to the FY 2001 and FY 2002 account levels.

/2 - FY 2001 funding for the Inter-American and African Development Foundations was appropriated in the Development Assistance (DA) account. These amounts have been subtracted from DA and reflected in the respective accounts.

/3 - Reflects transfer of \$20 million from INCLE to ACI for FY 2002.